

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT**

December 31, 2013

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central City Economic Opportunity Corporation

We have audited the accompanying financial statements of Central City Economic Opportunity Corporation (a non-profit corporation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central City Economic Opportunity Corporation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Central City Economic Opportunity Corporation's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2014, on our consideration of Central City Economic Opportunity Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central City Economic Opportunity Corporation's internal control over financial reporting and compliance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



New Orleans, Louisiana
May 1, 2014

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2013

ASSETS

**SUMMARIZED
COMPARATIVE
INFORMATION
December 31, 2012**

Cash	\$ 231,703	\$ 227,171
Certificates of deposit	101,258	100,000
Grants receivable (Notes A4 and B)	67,553	152,556
Inventory (Note C)	18	1,647
Property, building, and equipment – at cost (Notes A5 and D)	153,384	176,380
Investment in real estate	<u>270,000</u>	<u>270,000</u>
Total assets	<u>\$ 823,916</u>	<u>\$ 927,754</u>

LIABILITIES AND NET ASSETS

Note payable (Note E)	\$ 310,000	\$ 250,000
Accounts payable and accrued liabilities	40,623	191,313
Accrued vested annual leave benefits	<u>32,227</u>	<u>39,304</u>
Total liabilities	<u>382,850</u>	<u>480,617</u>
Commitment (Note G)	-	-
Net assets		
Unrestricted	416,430	422,665
Temporarily restricted (Note I)	<u>24,636</u>	<u>24,472</u>
Total net assets	<u>441,066</u>	<u>447,137</u>
Total liabilities and net assets	<u>\$ 823,916</u>	<u>\$ 927,754</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF ACTIVITIES

For the year ended December 31, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012</u>
REVENUES				
Grant appropriations (Note F)	\$ -	\$ 1,595,396	\$ 1,595,396	\$ 1,511,017
Contributions	19,730	-	19,730	23,226
Fund-raising income	5,946	-	5,946	8,087
Other income	30,453	-	30,453	34,796
Net assets released from restrictions	<u>1,595,232</u>	<u>< 1,595,232 ></u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>1,651,361</u>	<u>164</u>	<u>1,651,525</u>	<u>1,577,126</u>
EXPENSES				
Salaries	944,197	-	944,197	776,373
Fringe benefits	210,434	-	210,434	323,522
Travel	4,354	-	4,354	16,316
Operating services	176,766	-	176,766	164,052
Supplies	170,588	-	170,588	138,139
Professional services	37,327	-	37,327	28,331
Equipment expense	38,678	-	38,678	74,089
Other costs	<u>75,252</u>	<u>-</u>	<u>75,252</u>	<u>43,574</u>
TOTAL EXPENSES	<u>1,657,596</u>	<u>-</u>	<u>1,657,596</u>	<u>1,564,396</u>
Increase <decrease> in net assets	< 6,235 >	164	< 6,071 >	12,730
Net assets, beginning of year	<u>422,665</u>	<u>24,472</u>	<u>447,137</u>	<u>434,407</u>
Net assets, end of year	<u>\$ 416,430</u>	<u>\$ 24,636</u>	<u>\$ 441,066</u>	<u>\$ 447,137</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Increase <Decrease> in net assets	\$ < 6,071>	\$ 12,730
Adjustments to reconcile decrease in net assets to net cash provided by <used in> operating activities:		
Depreciation	22,996	38,238
Changes in assets and liabilities:		
<Increase> Decrease in grants receivable	85,003	44,766
<Increase> Decrease in inventory	1,629	< 1,459>
Increase <Decrease> in accounts payable and accrued liabilities	< 150,690>	< 156,301>
Increase <Decrease> in accrued vested annual leave benefits	< 7,077>	2,644
	<u>< 48,139></u>	<u>< 72,112></u>
Net cash provided by <used in> operating activities	<u>< 54,210></u>	<u>< 59,382></u>
Cash flows from financing activities:		
Purchase of certificates of deposit	< 1,258>	< 100,000>
Proceeds from notes payable	6,000	
Net cash provided by <used in> financing activities	<u>58,742</u>	<u>< 100,000></u>
Cash flows from investing activities:		
Capitalization of building costs	-	< 77,565>
Net cash provided by <used in> investing activities	<u>-</u>	<u>< 77,565></u>
Net increase <decrease> in cash and cash equivalents	4,532	< 136,947>
Cash and cash equivalents, beginning of year	<u>227,171</u>	<u>364,118</u>
Cash and cash equivalents, end of year	<u>\$ 231,703</u>	<u>\$ 227,171</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Central City Economic Opportunity Corporation was organized to promote and develop economic opportunity to those in need of increased economic opportunity; to promote the education and welfare of the people of the community; and to form special interest groups as it deems necessary to solve special problems of the community.

2. Presentation of Financial Statements

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

The net asset and changes therein are classified as follows:

Unrestricted Net Assets – Contributions and other revenue and expenses for the general operation of its program.

Temporarily Restricted Net Assets – Contributions and other revenue specifically authorized by the donor or grantor to be used for specific purposes.

Permanently Restricted Net Assets – Contributions subject to donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled and removed by actions of the corporation pursuant to those stipulations. There were no permanently restricted net assets.

3. Revenue Recognition

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Receivables

The corporation considers accounts receivable to be fully collectable since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

5. Land, Property and Equipment

Central City Economic Opportunity Corporation records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. The depreciation expense for the year ended December 31, 2013 totaled \$22,996.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

6. Investment in Real Estate

Real estate held for investment is carried at cost not to exceed estimates of net realizable value determined on an individual project basis.

7. Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

9. Fair Values of Financial Investments

Cash and cash equivalent amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

10. Summarized Comparative Information

The expenses of providing the program and other activities have been summarized on a functional basis in Note M. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Subsequent Events

The subsequent events of the corporation were evaluated through the date the financial statements were available to be issued (May 1, 2014).

12. Summarized Comparative Information

Summarized comparative information is presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - GRANTS RECEIVABLE

The grants receivable at December 31, 2013 consist of the following:

New Orleans Council on Aging, Inc.	\$ 33,600
State of Louisiana – Department of Education	22,645
Total Community Action, Inc.	<u>11,308</u>
	<u>\$ 67,553</u>

NOTE C – INVENTORY

Inventory consists of food purchased in connection with the Child Care Food Program and is stated at the lower of cost or market. Cost is determined on the first-in, first-out (FIFO) basis.

NOTE D - PROPERTY, BUILDING AND EQUIPMENT

Property, building, and equipment at December 31, 2013 consists of the following:

Building	\$ 77,565
Transportation equipment	160,443
Office equipment	<u>45,892</u>
	283,900
Less accumulated depreciation	<u>< 209,566 ></u>
	74,334
Land	<u>79,050</u>
	<u>\$ 153,384</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE E – NOTES PAYABLE

The notes payable at December 31, 2013 consist of the following:

Note payable to financial institution is a \$100,000 revolving line of credit due March 23, 2014, with an interest rate of 3.25%. The note is secured by a certificate of deposit totaling \$100,000. \$ 60,000

Note payable to City of New Orleans, at a 3% interest rate, due December, 2021. The note is secured by a second mortgage on real estate, the Handleman building costing \$270,000. 250,000
\$ 310,000

The note payable to City of New Orleans does not start to accrue interest until Central City Economic Opportunity Corporation transfers the property to an entity that qualifies for the historic tax credit and the transferee borrows a minimum of \$2,500,000 on a non-recourse basis to develop the Handleman building.

The aggregate maturities of the notes payable are as follows:

Year ending December 31,

2014	\$ 60,000
2015	-
2016	-
2017	-
2018	-
thereafter	<u>250,000</u>
	<u>\$ 310,000</u>

NOTE F - SUMMARY OF FUNDING

The Central City Economic Opportunity Corporation funding for grants and contracts consists of the following:

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE F - SUMMARY OF FUNDING - CONTINUED

<u>Grants</u>	<u>Period</u>	<u>Revenue Recognized</u>
Total Community Action, Inc.		
Head Start Program	1/1/13-12/31/13	\$ 1,314,975
Summer Youth Program	6/24/13-7/26/13	16,433
State of Louisiana		
Food Service Program	10/1/12-9/30/13	81,262
	10/1/13-9/30/14	38,948
New Orleans Council on Aging, Inc.		
Senior Citizens Program	7/1/12-6/30/13	42,089
	7/1/13-6/30/14	42,089
Community Development Block Grant		
Civil Affairs	1/1/13-12/31/13	33,600
	1/1/13-12/31/13	20,000
Harrah's Grant	-	<u>6,000</u>
Total grant appropriations		<u>\$ 1,595,396</u>

NOTE G – COMMITMENT

The corporation leases its administrative and program offices from the City of New Orleans on a month-to-month lease. The rental expense for the corporation totaled \$37,788 for the year ended December 31, 2013.

NOTE H – PENSION PLAN

Central City Economic Opportunity Corporation sponsors a defined contribution employee pension plan covering all employees twenty-one years or older who have worked for the corporation a minimum of one year. The corporation decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. There were no pension contributions for the year ended December 31, 2013.

NOTE I – NET ASSETS – TEMPORARILY RESTRICTED

As of December 31, 2013, the temporarily restricted net assets consist of the following:

Mercy Corps	\$ 10,030
Dryades YMCA Restoration	3,315
Food Service Program	<u>11,291</u>
	<u>\$ 24,636</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE J - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

Central City Economic Opportunity Corporation has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. Central City Economic Opportunity Corporation does not believe its financial statements include any uncertain tax positions. The Corporation's tax returns for the year ended December 31, 2012 and 2011 remain open and subject to examination by taxing authorities. The Corporation's tax return for the year ended December 31, 2013 has not yet been filed.

NOTE K - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE L – CONCENTRATION OF CREDIT RISK

As of December 31, 2013, the unsecured cash balances consist of the following:

Bank balances, excluding outstanding checks	\$ 245,318
Less FDIC insurance	<u>< 245,318 ></u>
Unsecured cash balance	<u>\$ -</u>

NOTE M – FUNCTIONAL EXPENSES

The functional expenses for the year ended December 31, 2013 consist of the following:

Program services	
Head Start/Daycare Services	\$ 1,329,797
Senior Citizens	151,322
Summer Youth	<u>16,433</u>
	<u>1,497,552</u>
Supportive services	
Management and general	144,410
Fundraising	<u>15,634</u>
	<u>160,044</u>
Total expenses	<u>\$ 1,657,596</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2013

NOTE N – FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) and the Accounting Standards Codification (ASC) as set forth in FASB ASC 820-10 requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope of FASB ASC 820-10 are included in the table below.

<u>Fair Value Measurement of Reporting Date</u>				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 101,258	\$ 101,258	\$ -	\$ -

The assumptions to estimate fair values are as follows:

Certificates of deposit carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of the instruments.

NOTE O - ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue from funds provided through grants administered by the City of New Orleans, State of Louisiana, Total Community Action, Inc., and New Orleans Council on Aging, Inc. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation is supported primarily through government grants. Approximately 96% of the corporation's support for the year ended December 31, 2013 comes from these grants.

SUPPLEMENTAL INFORMATION

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2013

	<u>HEAD START PROGRAM</u>	<u>SENIOR CITIZEN PROGRAM NOCOA</u>	<u>FOOD SERVICES</u>	<u>DRYADES YMCA RESTORATION</u>
REVENUE				
Grant appropriations	\$ 1,314,975	\$ 104,178	\$ 120,210	\$ -
Donation	-	3,060	-	-
Other	-	-	-	-
	<u>1,314,975</u>	<u>107,238</u>	<u>120,210</u>	<u>-</u>
EXPENSES				
Salaries	832,785	76,942	9,080	-
Fringe benefits	189,038	18,407	890	-
Travel	4,304	-	-	-
Operating services	135,133	20,491	-	-
Supplies	45,063	550	109,668	-
Professional services	34,377	1,332	408	-
Equipment expense	9,806	-	-	-
Other costs	64,469	-	-	-
	<u>1,314,975</u>	<u>117,722</u>	<u>120,046</u>	<u>-</u>
Increase <decrease> in net assets	-	< 10,484>	164	-
Transfers to/from general	-	10,484	-	-
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>11,127</u>	<u>3,315</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,291</u>	<u>\$ 3,315</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

For the year ended December 31, 2013

	<u>COMMUNITY DEVELOPMENT BLOCK GRANT-SENIORS</u>	<u>MERCY CORPS</u>	<u>GENERAL</u>	<u>TOTAL</u>
REVENUE				
Grant appropriations	\$ 33,600	\$ -	\$ 22,433	\$ 1,595,396
Donations	-	-	16,670	19,730
Other	<u>-</u>	<u>-</u>	<u>36,399</u>	<u>36,399</u>
	<u>33,600</u>	<u>-</u>	<u>75,502</u>	<u>1,651,525</u>
EXPENSES				
Salaries	29,164	-	< 3,774>	944,197
Fringe benefits	2,040	-	59	210,434
Travel	-	-	50	4,354
Operating services	163	-	20,979	176,766
Supplies	2,233	-	13,074	170,588
Professional services	-	-	1,210	37,327
Equipment expense	-	-	28,872	38,678
Other costs	<u>-</u>	<u>-</u>	<u>10,783</u>	<u>75,252</u>
	<u>33,600</u>	<u>-</u>	<u>71,253</u>	<u>1,657,596</u>
Increase <decrease> in net assets	-	-	4,249	< 6,071>
Transfers to/from general	-	-	< 10,484>	-
Net assets, beginning of year	<u>-</u>	<u>10,030</u>	<u>422,665</u>	<u>447,137</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 10,030</u>	<u>\$ 416,430</u>	<u>\$ 441,066</u>

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2013

<u>PROGRAM</u>	<u>Grantor Pass Through Contract Number</u>	<u>CFDA#</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Total Community Action, Inc.:			
Head Start Program	-	93.600	\$ 1,314,975
 Passed through New Orleans Council on Aging, Inc.:			
Title III B Supportive Services	-	93.633	<u>84,178</u>
 TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,399,153</u>
 U.S. DEPARTMENT OF AGRICULTURE			
Passed through State of Louisiana			
Department of Education:			
Food Service Program	-	10.558	<u>120,046</u>
 TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>120,046</u>
 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through New Orleans Council on Aging, Inc.:			
Senior Citizen Services	-	14.218	<u>33,600</u>
 TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>33,600</u>
 Total Federal Awards			<u>\$ 1,552,799</u>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.
2. The Head Start grant requires non-federal matching funds totaling 20% of the grant for the year ended December 31, 2013. The matching expenditures totaled \$707,559 for the year ended December 31, 2013. The corporation was in compliance with the matching requirements of the Head-Start grant.

Justin J. Scanlan, C.F.A., F.T.C.

A LIMITED LIABILITY COMPANY

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS BASED ON AND AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Central City Economic Opportunity Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central City Economic Opportunity Corporation (a non-profit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central City Economic Opportunity Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central City Economic Opportunity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central City Economic Opportunity Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Justin J. Scanlon, CPA, CEC". The signature is written in a cursive, flowing style.

New Orleans, Louisiana
May 1, 2014

Justin J. Scanlan, C.F.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE.

NEW ORLEANS, LOUISIANA 70122

TELEPHONE: (504) 288-0050

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Central City Economic Opportunity Corporation

Report on Compliance for Each Major Federal Program

We have audited Central City Economic Opportunity Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Central City Economic Opportunity Corporation's major federal programs for the year ended December 31, 2013. Central City Economic Opportunity Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central City Economic Opportunity Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central City Economic Opportunity Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Central City Economic Opportunity Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Central City Economic Opportunity Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Central City Economic Opportunity Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central City Economic Opportunity Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate to the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central City Economic Opportunity Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
May 1, 2014

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2013

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued.

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	U. S. Department of Health and Human Services: Head Start Center Based Program

Dollar threshold used to distinguish between type A and B
programs:

\$300,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

CENTRAL CITY ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2013

B. FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2013.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no items identified in the course of our testing during the current year required to be reported.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

<u>Compliance</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Finding No.</u>
2012-1 Enrollment	X		